

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 06442 221440Z

51

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03 CIEP-03

LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 AGR-20

SWF-02 L-03 H-03 DRC-01 /160 W
----- 020762

R 221400Z AUG 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8527

INFO DEPT TREASURY WASHDC

C O N F I D E N T I A L CAIRO 6442

E.O. 11652: GDS

TAGS: EFNN EG

SUBJECT: EGYPTIAN ARREARAGES

REF: STATE 170871

1. BASED ON INFORMATION REFTEL, AMBASSADOR ADVISED MINISTER OF FINANCE ABD AL-FATAH IBRAHIM, IN A LETTER DATED AUGUST 20, OF ARREARAGES TOTALING 635,307.55 DOLLARS PAYABLE IN DOLLARS AND 56,678,985.17 DOLLARS PAYABLE IF EGYPTIAN POUNDS. AMBASSADOR ASKED FOR EXPEDITIOUS PAYMENT OF THE DOLLAR AMOUNT AND TRANSFER OF THE POUND FIGURE TO THE UNITED STATES GOVERNMENT ACCOUNT HERE IN EGYPT IN ACCORDANCE WITH SUGGESTION MADE DURING SIMON VISIT. COPY OF THIS LETTER ALSO SENT TO CENTRAL BANK CHAIRMAN ZENDU WITH REITERATION OF NECESSITY PAYING THESE OVERDUE BALANCES.

2. IN RESPONSE TO LETTER SENT TO ZENDU, EMBOFF WAS ASKED TO CALL AT CENTRAL BANK AUGUST 22 BY CENTRAL BANK DIRECTOR GENERAL MUHAMMAD BARBARI TO DISCUSS ARREARAGES. BARBARI EXPLAINED THAT AS FAR AS CENTRAL BANK IS CONCERNED, THERE ARE NO OUTSTANDING AUTHORIZATIONS FROM THE MINISTRY OF FINANCE REQUESTING TRANSFERS FOR ANY AMOUNT TO THE UNITED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 06442 221440Z

STATES. AS A RESULT, CENTRAL BANK UNAWARE OF ANY AMOUNTS

OVERDUE. MINISTRY OF FINANCE THEREFORE MUST BE THE ONE TO RECOGNIZE THESE ARREARAGES AND MAKE AUTHORIZATION TO PAY. (THIS IS A PROCESS OF WHICH WE ARE AWARE.) BARBARI, OFFERING HIS PERSONAL ADVICE, INFORMED EMBASSY THAT IN ORDER TO RESOLVE MATTER, IT WOULD BE NECESSARY FOR EMBASSY TO PRESENT MINISTER OF FINANCE WITH MORE DETAILED ACCOUNTING OF THE AMOUNTS THAN CONTAINED REFTEL. HE SAID THAT THE ACCOUNTS OF THE MINISTRY OF FINANCE SIMPLY WOULD NOT BE SUFFICIENT TO PROVIDE BACK-UP INFORMATION NEEDED TO JUSTIFY THE GOE MAKING A PAYMENT TO THE USG FOR THESE AMOUNTS. (BARBARI WAS SPEAKING ABOUT THE DOLLAR FIGURE PAYABLE IN DOLLARS, AND NOT ABOUT THE DOLLAR FIGURE REPAYABLE IN POUNDS.)

3. ON BASIS OF BARBARI'S ADVICE AND IN EFFORT TO SPEED UP RESOLUTION OF THIS MATTER, EMBASSY REVIEWED ITS RECORDS OF EGYPTIAN ARREARAGES. MOST DETAILED LISTING WE HAVE IS IN LETTER FROM MERRILL SMITH OF DEPARTMENT OF AGRICULTURE DATED JUNE 7, 1974 IN WHICH VARIOUS CCC ARREARAGES ARE LISTED AS WELL AS ADDITIONAL CLAIMS FOR LATE INTEREST. THESE, HOWEVER, DO NOT JIBE UP WITH THE AMOUNTS GIVEN IN REFTEL, FOR EXAMPLE THERE IS NO MENTION IN THE SMITH LETTER OF THE AID LOANS OR EX-IM AMOUNTS, AND THERE IS NO APPARENT MENTION IN REFTEL OF 176,038.40 DUE AS LATE INTEREST ON CCC RESCHEDULED PAYMENTS.

4. EMBASSY THEREFORE REQUESTS THAT FIGURES MENTIONED IN REFTEL BE BROKEN DOWN WITH SOME IDENTIFYING NUMBER OF THE LOAN OF LETTER OF CREDIT IN QUESTION, THE ORIGINAL DUE DATE AND AMOUNT DUE, THE DATE PAYMENT WAS MADE AND AMOUNT PAID AND THE INDIVIDUAL OVERDUE BALANCE WITH THE INTEREST RATE CHARGED.

WE ARE AWARE THROUGH SEVERAL TELEGRAMS FROM USDA AND SEVERAL BANK DEPOSITS HERE THAT GOE HAS MADE SOME PAYMENTS IN THE LAST FEW WEEKS ON VARIOUS LOANS AND LETTERS OF CREDIT. BELIEVE THAT IN ORDER NOT TO CONFUSE ISSUE WE SHOULD MAKE FIGURES REQUESTED ABOVE CURRENT AS OF AUGUST 15 OR SOME OTHER CONVENIENT BUT MORE RECENT DATE THAN JUNE 30, 1974. WE WILL THEN PASS THIS INFORMALLY TO THE MINISTRY OF FINANCE.

5. WITH REGARD TO THE DOLLAR AMOUNT PAYABLE IN POUNDS,
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PAGE 03 CAIRO 06442 221440Z

BELIEVE WE
HAVE SUFFICIENT INFORMATION HERE TO GIVE BREAKDOWN
OF AMOUNTS DUE.
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Message Attributes

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Copy: SINGLE
Draft Date: 22 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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